

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6838

BILL NUMBER: SB 230

NOTE PREPARED: Jan 26, 2006

BILL AMENDED:

SUBJECT: Student Loans.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill permits the Indiana Secondary Market for Education Loans, Inc. (ISM) to become a direct lender of postsecondary loans. It allows the board of directors of the corporation to meet in executive session to protect proprietary business information. The bill repeals the Secondary Market Sale Fund.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill should have no impact on the state. The bill allows the ISM to make loans directly to students. Currently, the ISM purchases student loans from financial institutions that make loans to students. The bill would increase students' options in selecting loans.

The Secondary Market Sale Fund was used in the late 1990s and early 2000s to provide funding for the ISTEP testing and remediation when the assets were sold. There is currently no money in the fund, so the repeal of the Fund will have no fiscal impact.

Background: The ISM began operation in August of 1981. ISM is a private, not-for-profit organization that purchases student loans from financial institutions. Since 1981, ISM has purchased over \$1.5 B of student loans.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Secondary Market for Education Loans, Inc.

Local Agencies Affected:

Information Sources: Indiana Secondary Market for Education Loans, Inc.; www.ismloans.org.

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